GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

ITE&C DEPT - IT Promotion – AP IT POLICY – 2014-2020 – Amendments to AP IT Policy 2014-20 to harmonize and increase the incentives to accelerate growth – Orders - Issued.

INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS (Promotion Wing) DEPARTMENT

G.O.MS.No. 21 Dated: 22-09-2016

Read the following:

1) ICT Policy 2010-15 issued vide Go. Ms. No:9, IT&C (Promotions) Dept, dated 07-07-2010
2) Blue Print for IT, Electronics & e-Governance 2014.
3) Go. Ms. No:13, ITE&C (Promotion Wing) Dept, dated 11-08-2014.
4) Cabinet committee decisions in the meeting held on 20-08-2016.

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Vide ref 3rd read above ,Government has ordered APIT Policy 2014-20 for promotion of IT investments in the new state of Andhra Pradesh.

2. Vide ref 4th read above, the Council of Ministers in the Cabinet Committee have decided certain amendments and additions to the Go. Ms. No:13, ITE&C (Promotion Wing) Dept, dated 11-08-2014, in order to simplify incentive administration, encourage employment and support new IT industries as well as expansion of existing IT industries.

3. After careful examination, the Government hereby issued orders including the amendments as shown below to AP IT Policy 2014-20 vide Go. Ms. No:13, ITE&C (Promotion Wing) Dept, dated 11-08-2014.

Sl. No.	**Existing Para in the GO Ms No 13 ITE&C (Prom Wing.) dept. dated 11-08-2014.**	**Amendment (read as)**

1	**Para5. 3 A.A1.(3.6.e.)** Only the IT units with IT employee strength of a 100 will be eligible to be considered for allotment of land.	Para5. 3 A.A1.(3.6.e.) Only the IT units with IT employee strength of a 250 and annual turnover of Rs.25Cr. in previous financial year will be eligible to be considered for allotment of land.
2	**Para5.B** Additional Incentives available for Mega Projects **3.13 Mega Projects:** Mega Projects are the projects or the investment intents that can create employment of 5000, or more in a span of 5 years. The following additional incentives would be provided to the Mega Projects.	**Mega Projects:** Mega projects are projects which create employment of 5000 or more in a span of 5 years in case where the company owns the land. In case of government allotting land, the mega project has to create employment of 5000 or more as per timelines specified in **Para 5.3. A1.3.6j**
3	**Para5.1.1.6 :** Skill Enhancement by MSMEs: Assistance shall be provided to MSMEs with a minimum of 20 employees on its rolls by way of reimbursement of 50% of training fees, subject to a maximum Rs 10,000 (Rupees Ten thousand only) per employee, on obtaining recognized certifications in emerging technologies. The assistance under this category shall be limited to Rs 1 lakh (Rupees One lakh only) per year per unit. **Para5.1.1.7** : Recruitment Assistance: A recruitment assistance of INR 15 lakh (Rupees Fifteen Lakh only) to the SMEs which attain an employment of 100 employees within three years of commencement of commercial operations. Para5.3A.A2. Fiscal incentives **3.7.** Registration & Stamp Duty: IT industry shall be eligible for 100% reimbursement of the Stamp Duty, Transfer Duty and Registration Fee paid on sale/ lease deeds on the first transaction and 50% thereof on the second transaction. **3.8** Power Subsidy: a. IT Units classified as MSME shall be eligible for 25% subsidy on power bills for a period of 3 years from the date of commencement of commercial operations or Rs. 30 lac whichever is earlier. b. IT Units established by SC/ST & Women Entrepreneurs shall be eligible for 50% subsidy on power bills for a period of 5 years from the date of commencement of commercial operations or Rs. 50 lakhs whichever is earlier. c. Exemption of Electricity Duty and applicability of Industrial Tariff: New IT/ITES units, after coming into commercial operations will be entitled for 100% exemption on Electricity duty for a period of 5 years. **3.9** Patent Filing Cost: The cost of filing patents will be reimbursed to the companies having their headquarters in Andhra Pradesh, subject to a limit of Rs. 5 lakh (0.5 mil) per domestic patent awarded and Rs. 10 lakh (1 Mil) per international patent awarded. **3.10** Quality Certification: IT Units shall be eligible for reimbursement of 20% of expenditure incurred for obtaining quality certifications for CMM level 2 upwards, subject to a limit of Rs. 5 lakh (0.5 mil). Similar reimbursement will be made to BS 7799 for security and also for ITES Companies for achieving COPC and eSCM certification. The IT/ITES units/ companies can claim this incentive only once. In addition, this incentive may be extended to other certifications based on the recommendations of the CCITI. **Para5.B** Additional Incentives available for Mega Projects	The fiscal incentives provided in para **Para5.1.1.6 ,** **Para5.1.1.7,** **Para5.3A.A2 3.7,** **Para5.3A.A2.3.8,** **Para5.3A.A2 3.9,** **Para5.3A.A2. 3.10,** **Para5.3B. 3.13. a, b,** **Para5.3C. 3.14. a, b, c, e, g,** **Para5.3D 3.15,** **Para5.3E 3.16** are amended as below. In case of Mega Projects with Land, fiscal incentive will be @INR 50,000 per

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3.13
a. In case where the premises are taken on lease / rent basis, a rental subsidy @ Rs. 10 per sft per month shall be provided for a period of 3 years in prescribed scale of space per employee.
b. An investment subsidy of 10% of the value of the Capital Expenditure, other than land, shall be provided to Mega Projects that enter into an MoU with the state within 2years of notification of the Policy.
Para5C. Additional Incentives available to MSME IT Units
3.14. MSME IT units are those units that have an annual turnover of upto Rs 25 cr (Rs. 250 mil). The following additional incentives are available to such units:
a. a 50% subsidy on lease rentals upto a maximum of Rs. 5 lakh (0.5 mil) per annum for a period of 3 years for the plug and play built up office space taken by the startups/MSMEs/ first-generation technocrat entrepreneurs, SC, ST& Women Entrepreneurs STPI, either in IT/Multi-purpose SEZs/IT Parks or in any notified private area/location.
b. Market Development: 50% (100% for SC /ST & Women Entrepreneurs) reimbursement of the exhibition stall rental cost for participating in the notified national/international exhibitions limited to 9 sq m of space.
c. Recruitment / Training Assistance: Assistance @ Rs. 20000 per IT Professional employed within a period of two years of establishing the unit.
e. Performance-linked grant: MSMEs that record a year-on-year growth rate of 15%,as per audited accounts, shall be eligible to get a grant of 5% on turnover.
g. Subsidy on Bandwidth for Connectivity: a 20% subsidy on Bandwidth for connectivity paid to Internet Service Provider (ISP) shall be available for a period of two years from the date of starting commercial production/operation.
Para5. 3D. Additional incentives available to IT Units established by SC/ST Entrepreneurs:
3.15 The following additional incentives shall be available to IT Units established by SC/ST entrepreneurs.
<table>
<tr><td>Item</td><td>Incentives available</td></tr>
<tr><td>Investment Subsidy</td><td>25% on the Fixed Capital & Additional 5% to the SC/ST Women Entrepreneurs, with a maximum limit per unit of Rs. 25 lac</td></tr>
<tr><td>Interest Subsidy</td><td>8.5% Interest Subsidy on Prime Lending Rate (PLR) on the term loan and Working Capital subject to a maximum of Rs. 50 lac per year for a period of 5 years for the unit which commence commercial operations</td></tr>
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Para5. 3E. Additional Incentives available to IT Units established by Women Entrepreneurs
3.16 The following additional incentives shall be available to IT Units established by women entrepreneurs.
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<tr><td>Item</td><td>Incentives available</td></tr>
<tr><td>Investment Subsidy</td><td>20% on the Fixed Capital with a maximum limit per unit of Rs. 20 lac</td></tr>
<tr><td>Interest Subsidy</td><td>5% (8.5% for SC/ST Women Entrepreneurs) Interest Subsidy on Prime Lending Rate (PLR) on the term loan and Working Capital subject to a maximum of Rs. 50 lac per year for a period of 5 years for the unit which commence commercial operations</td></tr>
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employee OR 6 months CTC (cost to company), whichever is lower.

In case of General Projects with Land, fiscal incentive will be @INR 50,000 per employee OR 6 months CTC (cost to company), whichever is lower.

In case of General Projects with out Land, fiscal incentive will be @INR 1,00,000 per employee OR 6 months CTC (cost to company), whichever is lower.

In case of MSME/ BC/ SC/ ST/ Women/ Rural IT Projects, fiscal incentive will be @INR 1,50,000 per employee OR 6 months CTC (cost to company), whichever is lower.
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4 Additions to existing Go. Ms. No:13, ITE&C (Prom.Wing) Dept, dated 11-08-2014.

i) Para 5.3. A1.3.6i. :

Land Usage: Mixed purpose land usage will be allowed up to 20% of the land allotted for employee recreation / Housing.

ii) Para 5.3. A1.3.6j:

Project Timelines: Companies / Enterprises which are allotted land shall follow the timelines as mentioned below:

- start operations within 90 days
- start construction withinn 180 days
- employment fulfillment in 3 years - 30%
- employment fulfillment in 5 years - 70%
- employment fulfillment in 6 years - 100%

iii) Para 5.3. A1.3.6k:
APIIC can take back allotted land on prorata basis, in case of non compliance to time lines as per conditions in para **Para 5.3. A1.3.6j** or any other unfulfilled conditions..

iv) Para5.3.H.3.19

Training companies: Training Companies are eligible for investment subsidy of 50% or Rs. 1 Crore, whichever is lower.

5. Copy of this order is available on Internet and can be accessed at address http://goir.ap.gov.in

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

P.S.PRADYUMNA
SECRETARY TO GOVERNMENT (FAC)

To
All the Departments of Secretariat
The Commissioner and I.G., Stamps and Registration, Vijayawada
The Vice Chairman and Managing Director, APIIC, Vijayawada
The Commissioner, MA&UD Dept Vijayawada
The Director of Industries, Andhra Pradesh, Vijayawada
The Commissioner, Information and Public Relations, Andhra Pradesh, Vijayawada.
The Member Secretary, A.P. Pollution Control Board, Andhra Pradesh, Vijayawada
The Chairman & MD, AP TRANSCO Vijayawada
The Managing Director, APEPDCL Visakhapatnam /APSPDCLTirupati.
The Commissioner, Labour, Andhra Pradesh Vijayawada
The Vice Chairman, VUDA Visakhapatnam/TUDA, Tirupati /VGTMUDA Vijayawada
The Commissioner CRDA Vijayawada.
All the District Collectors & Magistrates,
All the Municipal Commissioners, AP,
The Development Commissioner, VSEZ, Visakhapatnam
The Development Commissioner, AP IT SEZs Visakhapatnam

The Director, STPI, Andhra Pradesh
The President, ITAAP, Andhra Pradesh
The Regional Director, CII, Andhra Pradesh
The President, AP Chamber of Commerce
The President, ELIAP Member
The President, VITA Member
The Regional Chairman, ESC Member
The CEO AP E&IT Agency, Visakhapatnam
The CEO APIS , Tirupati
The Regional Director, NASSCOM, Andhra Pradesh,

Copy to:
The Chief Minister's Office / Chief PRO to Hon"ble Chief Minister.
The Secretary to GOI,Ministry of Electronics & Information Technolog (MeitY),New Delhi.
The Chief Commissioner, Customs & Central Excise, Hyderabad.
The OSD to Minister for I&PR, Information Technology, Andhra Pradesh.
The PS to Minister for Finance, Hyderabad.
The PS to Minister for Major Industries, Andhra Pradesh.
The PS to Minister for Revenue, Andhra Pradesh.
The PS to Minister for MA&UD, Andhra Pradesh.
The PS to Minister for Energy, Andhra Pradesh.
The PS to Minister for Labour, Andhra Pradesh.
The PS to IT Advisor, Government of Andhra Pradesh.
The PS to Chief Secretary to Government of Andhra Pradesh.
The OSD to Joint Secretary to CM Andhra Pradesh.
The PS to Spl CS Planning, Andhra Pradesh.
The PS to PFS, Andhra Pradesh.
The PS to Special Chief Secretary to CM & Advisor IT Promotions to Govt of AP.

// Forwarded :: By Order //

Joint Secretary to Government (HRD)i/c